

Interserve Developments No.1 Limited

– in Creditors' Voluntary Liquidation

**Joint Liquidators' Progress report from
16 December 2024 to 15 December 2025**

Date: 9 February 2026

Company number: 08047162



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Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that are specific to this appointment and report:

Alder Hey	Alder Hey PFI project
Company	Interserve Developments No.1 Limited - in liquidation Registered office: Central Square 29 Wellington Street, Leeds, LS1 4DL
Date of appointment	16 December 2024
GLAS	Glas Trust Corporation Limited, security agent for the secured debt
Group	Interserve Group Holdings Limited and various subsidiaries
Joint Liquidators /Liquidators/we/us/our/Office holder(s)	Victoria Ann Hatton, David Baxendale and Mark James Tobias Banfield
Period	16 December 2024 to 15 December 2025

The following table shows generic abbreviations and insolvency terms that may be used in this report:

CDDA	Company Directors' Disqualification Act 1986
CVA	Company voluntary arrangement under Part 1 IA86
CVL	Creditors' voluntary liquidation
DBT	Department for Business and Trade
Firm/PwC	PricewaterhouseCoopers LLP
HMRC	HM Revenue and Customs
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
Insolvency code of ethics	The code of ethics aims to help insolvency practitioners meet their professional and ethical obligations. A copy can be found at https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics
Ordinary preferential creditors	Creditors with claims defined in IA86 as ordinary preferential debts: These include claims for: <ul style="list-style-type: none"> unpaid remuneration earned in the four months before the relevant date of the insolvency up to a maximum of £800, an unlimited amount of accrued holiday pay, unpaid pension contributions in certain circumstances
Preferential creditors	Creditors who are classified as Ordinary preferential creditors or Secondary preferential creditors, as defined below and who rank above unsecured creditors
Prescribed part (pp)	The amount set aside for unsecured creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003. It is paid out of 'net property' i.e. floating charge realisations after both costs and after setting enough aside to pay preferential creditors in full. It only has to be made available where the floating charge was created on or after 15 September 2003. The amount of the prescribed part is; <ul style="list-style-type: none"> 50% of net property up to £10k (i.e. the pp will be up to £5k); plus (if applicable)

	<ul style="list-style-type: none"> 20% of net property above £10k (i.e. the pp will be £5k plus 20% of the net property that exceeds £10k) <p>The pp is subject to a maximum of £600k where the floating charge(s) is / are created before 6 April 2020. The maximum is £800k where the charge(s) is / are created on or after 6 April 2020 (provided there isn't a charge created before 6 April 2020 that ranks equally or in priority to it, in which case the maximum remains at £600k)</p>
Regulations	Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021
Restructuring plan	A compromise or arrangement under Part 26A Companies Act 2006
ROT claims	Claims to retention of title over goods supplied to the Company but not paid for before the Administrators' appointment
RPS	Redundancy Payments Service, part of the Insolvency Service, which is an executive agency sponsored by DBT, and which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
Sch B1 IA86	Schedule B1 to the Insolvency Act 1986
Secondary preferential creditors	<p>Creditors with claims defined in IA86 as secondary preferential debts to be paid after ordinary preferential debts, if there are sufficient funds</p> <p>These include claims for:</p> <ul style="list-style-type: none"> certain HMRC debts owed at the date of insolvency, consisting of VAT and relevant amounts deducted by the Company from payments due to another taxpayer and due to be paid over to HMRC (e.g. Pay As You Earn, employee NICs and Construction Industry Scheme deductions). Penalties and interest do not form part of HMRC's preferential claim
Secured creditor(s)	A creditor with security in respect of their debt, in accordance with section 248 IA86
SIP	Statement of Insolvency Practice. SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities. SIPs set out principles and key compliance standards with which insolvency practitioners are required to comply
SIP 2	Statement of Insolvency Practice 2: Investigations by office holders in Administrations and insolvent Liquidations and the submission of conduct reports by office holders
SIP 9	Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates from an estate
SIP 13	Statement of Insolvency Practice 13: Disposal of assets to connected parties in an insolvency process
SIP 16	Statement of Insolvency Practice 16: Pre-packaged sales in administrations
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
Unsecured creditors	Creditors who are neither secured nor preferential, ranking behind secured creditors and all preferential classes of creditors

This report has been prepared by the Office holders, solely to comply with their statutory duty to report to creditors on the progress of the insolvency, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report does so at their own risk. To the fullest extent permitted by law, we do not assume any liability in respect of this report to any such person.

Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

We are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Liquidators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

We may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Liquidators. Personal data will be kept secure and processed only for matters relating to the Joint Liquidators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Liquidators.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Key messages

Why we've sent you this report

We have been appointed to manage the Company's affairs, business and property as its agents and act without personal liability.

This report provides you with an update on the progress in the Period, together with information we are required to include by law and applicable insolvency guidance.

Immediately below is an estimate of the expected outcome for the different creditor classes, beneath which is what you need to do.

How much creditors may receive

The following table summarises the possible outcome for creditors, based on what we currently know.

Class of creditor	Current total estimate (p in £)	Paid to date (£)	Timing
Secured creditor	Uncertain	Nil*	Uncertain
Ordinary preferential creditors	N/A	N/A	N/A
Secondary preferential creditors	N/A	N/A	N/A
Unsecured creditors	Uncertain	N/A	Uncertain

Secured creditors

GLAS holds all asset fixed and floating charge security over the assets of the Company. Another Group company, Interserve Group Holdings Limited, is the primary borrower in respect of this security. However, the Company (as well as other Group companies) provided a guarantee for all obligations under the secured facilities. As Interserve Group Holdings Limited entered liquidation on 20 September 2023 and is not expected to be in a position to repay the lending in full, it is expected that the guarantee will be called upon.

The return to the secured creditors from the Company is currently uncertain, being wholly dependent upon asset realisations, as set out later in this report. GLAS has received repayments from other Group companies, however, we estimate that overall GLAS will suffer a shortfall in respect of its secured lending.

First-ranking preferential creditors (mainly employees)

We don't think there will be any first ranking preferential creditors of the Company based on what we know.

Secondary preferential creditors (HMRC)

We do not think there will be any secondary preferential creditor claims received in the Company's liquidation.

Unsecured creditors

The prescribed part applies in this case as there is a floating charge created after 15 September 2003.

We can't yet give unsecured creditors a realistic estimate of the Company's net property or of the value of the prescribed part so we can't yet say what rate of dividend will be paid from the prescribed part. This will depend on future realisations, liquidation costs, and finalising claims from unsecured creditors. If we think the costs of agreeing and paying a prescribed part dividend will be disproportionate to the benefits, we can apply for a court order not to pay the prescribed part to unsecured creditors. At the moment we don't plan to make such an application.

Apart from any prescribed part, we don't think there will be any dividend for unsecured creditors based on what we know currently because we expect all asset realisations will be captured by the secured creditors' floating charge and realisations will not be sufficient to discharge this indebtedness in full.

What you need to do

We've previously asked for outstanding claims from creditors. This should help us pay a dividend to creditors earlier than might otherwise be the case once we are certain of funds available, and when we are in a position to do so.

If you haven't already done so, please send your claim to us. A claim form can be downloaded from our website at www.pwc.co.uk/interservegroup or you can get one by telephoning Catherine Elliott on 0113 289 4000.

This report is for your information and you don't need to do anything.

Progress in the Period

Realisation of assets

The only known asset of the Company is its 20% stake in Alder Hey, which comprises a 20% shareholding in Alder Hey Holdco 3 Limited and indirectly in its subsidiaries, together with related subordinated debt. The Alder Hey group built and maintains the Alder Hey children's hospital.

The project is experiencing longstanding issues, including with pipework corrosion and the level of service failure points, and as a result is in lock-up, with no interest or repayments being made on the subordinated debt and no certainty as to when those will resume. However, in the meantime, interest on the subordinated debt continues to accrue and the Company is still required to account for that interest for tax purposes on an accruals basis, notwithstanding that this interest has not been received.

Any such, tax arising on interest accruing up to 20 September 2023 (the date when some Group companies went into liquidation) was met using tax losses surrendered by other Group companies, but Group tax losses cannot be used to meet tax on interest accrued after that date, and the Company does not have the funds to meet the tax on the interest accrued from then, or since.

The estimated realisable value of the Company's investment in Alder Hey, including the subordinated debt, is materially uncertain, given the difficulties with the project and associated disputes. The Company's interest in the project is represented by a member on the Alder Hey board of directors and we continue to keep apprised of the position and to update the majority secured lender in more detail.

Liquidation funding

Interserve Group Holdings Limited entered into an agreement with certain Group companies to provide funding for their orderly winding down, where asset realisations were insufficient to cover costs, and this included for the Company.

Funding received to date can be seen in the accompanying receipts and payment account for the Company in Appendix A. It is repayable as an expense of the liquidation only to the extent that future asset realisations allow.

Connected party transactions

There have been no connected party transactions.

Statutory and compliance

Upon appointment, we drafted and sent our initial statutory documents to all known members and creditors, and other relevant parties, and filed notice of our appointment with the Registrar of Companies.

We have met our statutory obligations in maintaining up to date records and case files and have updated our internal systems accordingly.

Tax and VAT

The tax return for the pre-appointment period from 1 July 2024 to 15 December 2024 was submitted to HMRC in December 2025. There was a tax liability of £65,120.50 which will form part of any claim HMRC has in the liquidation.

The first post liquidation tax return will be for the year ending 15 December 2025. This will be prepared and submitted in due course.

The Company is not VAT registered.

Investigations and actions

We have reviewed the Company's affairs and taken into account any points raised by creditors in discharging our duties under the Company Directors' Disqualification Act 1986 and SIP 2. At this time, nothing has come to our attention to suggest that we need to do any more work in line with our duties.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments for the period of the liquidation.

Our expenses

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

Our fees

We set out in Appendix C an update on our fees, expenses and other related matters.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge our fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/regulations/insolvency/creditors-guides/2021/liquidations-creditor-fee-guide-1-april-2021.ashx>

You can also get a copy free of charge by telephoning Catherine Elliott at 0113 289 4000.

What we still need to do

The key outstanding issues are:

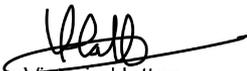
- To realise the Alder Hey asset;
- If applicable, distribute a dividend to unsecured creditors. We have advised why we are unable at present to provide an estimate of the likely amount and timing of dividend payments to unsecured creditors in the Key Messages section at the beginning of this report.

Future reports and contact information

We expect to send our next report to creditors at the end of the liquidation or in about 12 months, whichever is sooner.

If you've got any questions, you can contact the Liquidators as follows: 0113 289 4000; uk_interservegroup@pwc.com; or at Central Square, 29 Wellington Street, Leeds, LS1 4DL.

Yours faithfully



Victoria Hatton

Joint Liquidator

Appendix A: Receipts and payments

Interserve Developments No.1 Limited - in Creditors' Voluntary Liquidation

Receipts and Payments Account from 16 December 2024 to 15 December 2025

Statement of Affairs (£)	16 December 2024 to 15 December 2025 (£)
Receipts	
Third party funds	118.80
6,000.00 Investment in shares of Alder Hey JV	-
3,993,556.80 Investment in loan to Alder Hey JV	-
1,479,693.62 Accrued sub-debt interest income	-
Total receipts	118.80
Payments	
Statutory advertising	(99.00)
Irrecoverable VAT	(19.80)
Total payments	(118.80)
Balance	-

Notes to the Receipts and Payments account

1. The Company does not currently have a bank account as there have been no asset realisations, and have therefore been put into funds via a Group company, Interserve Group Holdings Limited, as explained above.
2. The Company is not VAT registered, therefore VAT is irrecoverable.

Appendix B: Expenses

Expenses are amounts properly payable by us as Liquidators from the estate, but excludes our fees and distributions to creditors.

These include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

Expenses fall into two categories:

Expense	SIP9 definition
Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to our Firm or our associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

We don't need approval from creditors to draw Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors who approve our fees (in this case the general body of creditors) also has the responsibility for agreeing the basis for payment of Category 2 expenses.

The rate for services provided by the Liquidators' own firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the liquidation. All other disbursements to be charged at cost.

The following table provides details of the Category 1 expenses that have been incurred as disbursements by PwC and will be recharged to the case. No Category 2 expenses have yet been incurred.

Category	Provided by	Basis of cost	Costs incurred (£)
1	Aon	Liquidators' bond	225.00
Total for the Period			225.00

We will seek approval for Category 2 expenses as set out above, if deemed applicable, in due course.

The table below provides details of all the expenses incurred in the liquidation

Nature of expenses	Incurred from 16 December 2025 to 15 December 2025	Estimated future expenses	Total
	(£)	(£)	(£)
Liquidators' disbursements	225.00	225.00	450.00
Statutory advertising	99.00	109.00	208.00

The table also excludes any potential tax liabilities that we may need to pay as a liquidation expense because amounts becoming due will depend on the position at the end of the tax accounting periods.

The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the Period.

Details of subcontracted work

We have not subcontracted any work in the period covered by this report.

Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the Period of this report.

Legal and other professional firms

We have not instructed any professionals in the Company's liquidation.

Appendix C: Remuneration update

We do not expect to seek approval on the basis of our remuneration. The secured lenders have agreed to make funds of £30k available to cover our remuneration, which will be paid outside of the liquidation estate. No payment has been made to date.

We set out later in this Appendix details of our work to date and anticipated future work.

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the liquidation where the relationship could give rise to a conflict of interest.

Our work in the Period

Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work.

Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Accounting and treasury		
<ul style="list-style-type: none"> Performing bordereau reporting. Payment of statutory advertising. 	<ul style="list-style-type: none"> To comply with statutory obligations. 	<ul style="list-style-type: none"> To comply with statutory obligations.
Assets		
<ul style="list-style-type: none"> Coordinating on Alder Hey matters, including update calls/emails with stakeholders and review of shareholder rights and obligations. 	<ul style="list-style-type: none"> To ascertain if there were any realisable assets. 	<ul style="list-style-type: none"> To ascertain if there were any realisable assets.
Creditors		
<ul style="list-style-type: none"> Monitoring the dedicated email address for enquiries relating to the Company. Receiving and following up creditor enquiries via telephone, email and post. Reviewing and sending creditors' packs as part of initial case communications. Update the secured creditor on key developments. 	<ul style="list-style-type: none"> To comply with statutory obligations. 	<ul style="list-style-type: none"> To comply with statutory obligations.
Investigations		
<ul style="list-style-type: none"> Submitting our CDDA report, including dashboard updates, SIP 2 completion and review, and coordinating with team members for submission and reviewer sign-off. Managing Insolvency Service communications. Conducting follow-up calls and queries with stakeholders regarding CDDA and Insolvency Service enquiries. 	<ul style="list-style-type: none"> To comply with statutory obligations. 	<ul style="list-style-type: none"> To comply with our statutory obligations in line with SIP 2.
Statutory and compliance		
<ul style="list-style-type: none"> Updating case files and internal systems. Drafting and sending of initial communication following the appointment. Filing of statutory documents. Maintenance of case records. Maintaining our permanent file. Conducting six monthly progression review to ensure orderly progress of the liquidation. 	<ul style="list-style-type: none"> To comply with statutory obligations 	<ul style="list-style-type: none"> Required by insolvency statute / regulation. Benefit to creditors in ensuring they are kept informed of case progression.

Strategy and Planning

- Updating checklists / diary management system.
- Holding team meetings regarding the status of the liquidation.
- To comply with statutory obligations.
- Required by insolvency statute / regulation.
- Benefit to creditors in ensuring they are kept informed of case progression.

Tax and VAT

- Reviewing pre and post-appointment tax positions and preparing tax filenotes.
- Reviewing and submission of pre-appointment tax returns.
- To satisfy statutory requirements
- Required to act as proper officer for the Companies' tax affairs.

Our future work

We still need to do the following work in the liquidation.

Work to be undertaken

What, if any, financial benefit the work will provide to creditors OR whether it is required by statute

Accounting and treasury

- Dealing with receipts, payments and journals.
- Carrying out bank reconciliations.
- Closure of post appointment bank accounts.
- To ensure orderly management and progression of the case and comply with statutory obligations.

Assets

- Coordinating on Alder Hey matters, including update calls/emails with stakeholders
- Consider options for realising the Alder Hey asset and pursue these accordingly.
- To recover assets for the benefit of creditors and to comply with statutory and regulatory obligations.

Creditors

- Maintain ongoing communication with secured and any other creditors.
- Respond to creditor queries and update records as any claims are received.
- To comply with statutory obligations and ensure orderly management and progression of the case.

Statutory and compliance

- Obtaining fee approval.
- Preparing Joint Liquidators' future annual/final reports.
- Filing appropriate notices to Companies House
- Updating and maintaining permanent files that contain copies of all statutory documentation.
- Carrying out six monthly case reviews.
- Updating checklists and diary management systems.
- Maintain case records and ensure compliance with insolvency legislation and best practice.
- Obtaining approval to fees, Category 2 disbursements and other matters.
- To comply with statutory and regulatory obligations.

Strategy and Planning

- Hold meetings to review case strategy.
- Monitoring costs and internal discussions regarding billing and allocations.
- To ensure orderly management and progression of the case and comply with statutory obligations.

Tax and VAT

- Prepare and submit post-appointment tax returns.
- Liaise with HMRC regarding outstanding tax liabilities.
- To comply with statutory obligations and maximise returns to creditors where possible.

Closure

- Completing checklists and diary management system.
 - Closing down internal systems.
 - Holding team calls and meetings on a closure timetable.
 - Preparing and issuing final report.
 - Required by statute.
 - To ensure orderly case progression.
-